

# BEA (MPF) MASTER TRUST SCHEME

## FIRST ADDENDUM TO THE EXPLANATORY MEMORANDUM DATED DECEMBER, 2016

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This First Addendum should be read in conjunction with and forms part of the Explanatory Memorandum for the BEA (MPF) Master Trust Scheme (the “**Master Trust**”) dated December, 2016. All capitalised terms herein contained shall have the same meaning in this First Addendum as in the Explanatory Memorandum, unless otherwise stated. The Sponsor and the Trustee accept responsibility for the information contained in this First Addendum as being accurate as at the date of publication.

You may visit our website <http://www.hkbea.com> for the Explanatory Memorandum of the Master Trust or obtain a copy of the Explanatory Memorandum at the offices of the Trustee at 32<sup>nd</sup> Floor, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong.

With effect from 1<sup>st</sup> April, 2017 (being the commencement date of the MPF default investment strategy), the Explanatory Memorandum shall be amended as follows:

### **MPF DEFAULT INVESTMENT STRATEGY**

1. The “**Important**” section shall be amended by adding the following bullet points after the fourth bullet point:
  - You should consider your own risk tolerance level and financial circumstances before investing in the DIS. You should note that the BEA (MPF) Core Accumulation Fund and the BEA (MPF) Age 65 Plus Fund may not be suitable for you, and there may be a risk mismatch between the BEA (MPF) Core Accumulation Fund and the BEA (MPF) Age 65 Plus Fund and your risk profile (the resulting portfolio risk may be greater than your risk preference). You should seek financial and/or professional advice if you are in doubt as to whether the DIS is suitable for you, and make the investment decision most suitable for you taking into account your circumstances.
  - You should note that the implementation of the DIS may have an impact on your MPF investments and benefits. You should consult with the Trustee if you have doubts on how you are being affected.”
2. Page 2 - The following new definitions shall be added to the section headed “**DEFINITIONS**” in the appropriate alphabetical order:
  - “**Higher Risk Assets**” has the meaning given to it in the MPF Ordinance”
  - “**Lower Risk Assets**” means those assets not being Higher Risk Assets, including without limitation global bonds and money market instruments”
  - “**Reference Portfolio**” means, in respect of each of the BEA (MPF) Core Accumulation Fund and the BEA (MPF) Age 65 Plus Fund, the MPF industry developed reference portfolio adopted for the purpose of DIS to provide a common reference point for the performance and asset allocation of the BEA (MPF) Core Accumulation Fund and the BEA (MPF) Age 65 Plus Fund (as the case may be)”
  - “**Specific Investment Instruction**” means:
    - (I) subject to (II) below, an instruction for investment allocations which meets the following requirements:
      - each investment allocation is in a multiple of 10%; and
      - the aggregate (or in the case of any switching instruction, the switch-in total) of which is 100%; or
    - (II) where the instruction is to invest in DIS, an instruction to invest 100% of: (A) existing accrued benefits and/or (B) future contributions and accrued benefits transferred from another scheme in the DIS; or
    - (III) any confirmation (whether through hard copy submission, cyberbanking, mobile apps or IVRS (interactive voice recording system)) by a Member with regard to any investment arrangements of the existing accrued benefits and/or future contributions and accrued benefits transferred from another scheme.
- Any investment mandate, change of investment mandate or switching instruction must meet the requirements for a “**Specific Investment Instruction**”.”
3. Page 29 - The following paragraphs shall be inserted after the sub-section headed “**Instructions to Change Investment**” under the section headed “**CONTRIBUTIONS**”:-
  - “**MPF Default Investment Strategy (“DIS”)**

DIS is a ready-made investment arrangement mainly designed for those MPF scheme members who are not interested or do not wish to make an investment choice, and is also available as an investment choice itself for Members who find it suitable for their own circumstances. For those Members who do not make an investment choice, their contributions and accrued benefits transferred from

another scheme will be invested in accordance with the DIS. The DIS is required by law to be offered in every MPF scheme and is designed to be substantially similar in all MPF schemes.

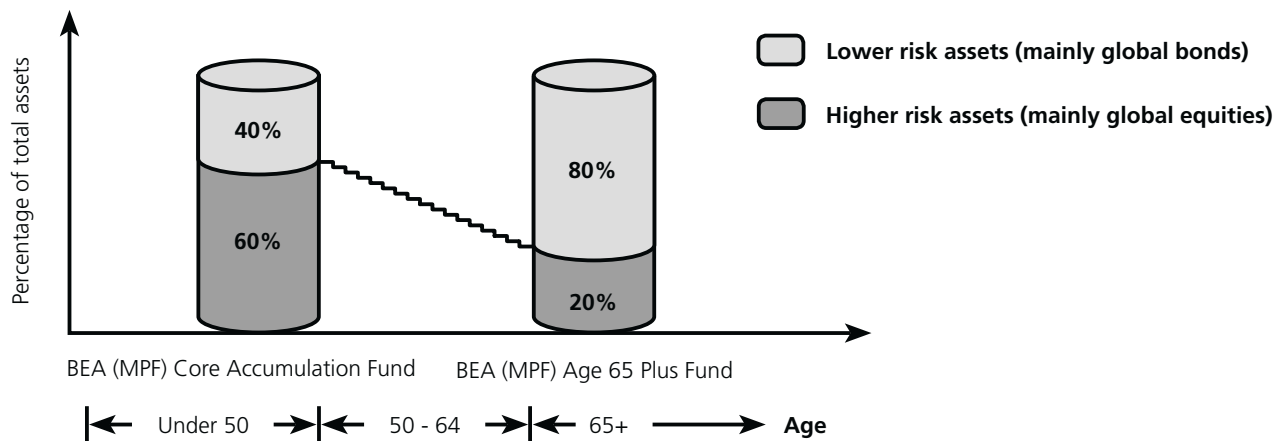
### Asset Allocation

The DIS aims to balance the long term effects of risk and return through investing in two Constituent Funds, namely BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund, according to the pre-set allocation percentages at different ages. The BEA (MPF) Core Accumulation Fund will invest around 60% in Higher Risk Assets (Higher Risk Assets generally mean equities or similar investments) and 40% in Lower Risk Assets (Lower Risk Assets generally mean bonds or similar investments) of its net asset value whereas the BEA (MPF) Age 65 Plus Fund will invest around 20% in Higher Risk Assets and 80% in Lower Risk Assets. Both Constituent Funds adopt globally diversified investment principles and use different classes of assets, including global equities, fixed income, money market and cash, and other types of assets allowed under the MPF legislation.

### De-risking of the DIS

Accrued benefits invested through the DIS will be invested in a way that adjusts risk depending on a Member's age. The DIS will manage investment risk exposure by automatically reducing the exposure to Higher Risk Assets and correspondingly increasing the exposure to Lower Risk Assets as the Member gets older. Such de-risking is to be achieved by way of reducing the holding in BEA (MPF) Core Accumulation Fund and increasing the holding in BEA (MPF) Age 65 Plus Fund throughout the prescribed time span as detailed below. Diagram 1 below shows the target proportion of investment in riskier assets over time. The asset allocation stays the same up until 50 years of age, then reduces steadily until age 64, after which it stays steady again.

Diagram 1: Asset Allocation between Constituent Funds in the DIS



Note : The exact proportion of the portfolio in Higher Risk Assets /Lower Risk Assets at any point in time may deviate from the target glide path due to market fluctuations.

The above de-risking is to be achieved by annual adjustments of asset allocation gradually from BEA (MPF) Core Accumulation Fund to BEA (MPF) Age 65 Plus Fund under the DIS. Save for the circumstances set out in this section “**De-risking of the DIS**”, switching of the existing accrued benefits among BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund will be automatically carried out each year on a Member's birthday and according to the allocation percentages as shown in the DIS De-risking Table as shown in Diagram 2 below. If the Member's birthday is not on a Business Day, then the investments will be moved on the next available Business Day. Alternatively, if the Member's birthday falls on the 29<sup>th</sup> of February and in the year which is not a leap year, then the investments will be moved on 1<sup>st</sup> of March or the next available Business Day. If there is any exceptional circumstance, e.g. market closure or suspension of dealing, on the Member's birthday which makes it impossible for the investments to be moved on that day, the investments will be moved on the next available Business Day.

If the relevant Member notifies the Trustee of his / her updated birthday, then the Trustee will, as soon as practicable, and in any case within 2 weeks, after being so notified, adjust the allocation between the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund according to his / her updated birthday, and effect the de-risking in the future years according to the DIS de-risking table in Diagram 2 below and his / her updated birthday. When one or more of the specified instructions (including but not limited to subscription, redemption, switching or withdrawal instructions) are being received prior to or on the annual date of de-risking for a relevant Member and being processed on that date, the annual de-risking may be deferred and will only take place after completion of these specified instructions. The smallest amount of Units of each of the BEA (MPF) Age 65 Plus Fund and/or the BEA (MPF) Core Accumulation Fund that can be issued in the annual de-risking under the DIS shall be a fraction of not less than one-thousandth of a Unit.

Please refer to the section headed “**Contributions**” for details regarding the handling procedures for subscription, redemption and switching respectively.

Members should be aware that the above de-risking will not apply where the Member chooses BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund as individual fund choices (rather than as part of the DIS).

In summary, under the DIS:

- when a Member is below the age of 50, all existing accrued benefits and all contributions and accrued benefits transferred from another scheme will be invested in the BEA (MPF) Core Accumulation Fund;
- when a Member is between the ages of 50 and 64, all existing accrued benefits and all contributions and accrued benefits transferred from another scheme will be invested according to the allocation percentages between BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund as shown in the DIS De-risking Table below. The de-risking on the existing accrued benefits will be automatically carried out as described above;
- when a Member reaches the age of 64, all existing accrued benefits and all contributions and accrued benefits transferred from another scheme will be invested in BEA (MPF) Age 65 Plus Fund;
- if the relevant Member has reached 60 years of age before 1<sup>st</sup> April, 2017, unless the Member has given a Specific Investment Instruction, the Member's accrued benefits (including new contributions and accrued benefits transferred from another scheme) will be invested in the same manner as at 31<sup>st</sup> March, 2017;
- For a deceased Member, de-risking will cease once the Trustee has received proof of the death of the Member to the Trustee's satisfaction. If de-risking has already been taken place between the death of the Member and the time at which the Trustee received the satisfactory proof of such death, such de-risking will not be undone, although no further de-risking will take place in respect of the deceased Member.

If the Trustee does not have the full date of birth of the relevant Member:

- If only the year and month of birth is available, the annual de-risking will use the last calendar day of the birth month, or if it is not a Business Day, the next available Business Day;
- If only the year of birth is available, the annual de-risking will use the last calendar day of the year, or if it is not a Business Day, the next available Business Day;
- If no information at all on the date of birth, Member's accrued benefits will be fully invested in BEA (MPF) Age 65 Plus Fund with no de-risking applied.

Diagram 2: DIS De-risking Table

Age	BEA (MPF) Core Accumulation Fund	BEA (MPF) Age 65 Plus Fund
Below 50	100.0%	0.0%
50	93.3%	6.7%
51	86.7%	13.3%
52	80.0%	20.0%
53	73.3%	26.7%
54	66.7%	33.3%
55	60.0%	40.0%
56	53.3%	46.7%
57	46.7%	53.3%
58	40.0%	60.0%
59	33.3%	66.7%
60	26.7%	73.3%
61	20.0%	80.0%
62	13.3%	86.7%
63	6.7%	93.3%
64 and above	0.0%	100.0%

Note: The above allocation between BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund is made at the point of annual de-risking and the proportion of BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund in the DIS portfolio may vary during the year due to market fluctuations.

The investment allocation of each relevant Member between BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund will be rounded off to one decimal place.

The Trustee will, to the extent practicable, issue a notice to the relevant Member at least 60 days prior to his/her 50<sup>th</sup> birthday informing him/her of the commencement of the de-risking process. Also, a confirmation statement will be sent to the relevant Member no later than 5 Business Days after the de-risking process has been completed.

Please refer to the section "**Investment Objectives and Policies**" for the investment policies and objectives and the other pages of this section "**MPF Default Investment Strategy**" for the specific operational arrangements of the Constituent Funds which are under the DIS.

## Switching in and out of the DIS

Members can switch into or out of the DIS at any time, subject to the rules of the Master Trust. Members should, however, bear in mind that the DIS has been designed as a long-term investment arrangement. Where the relevant Member's existing investment is under the DIS, he/she may only switch out of the DIS if he/she elects to have both the accrued benefits and new contributions and accrued benefits transferred from another scheme under all sub-accounts invested outside of the DIS. Conversely, where the relevant Member wishes to transfer into the DIS, he/she can elect to have either (i) the accrued benefits, or (ii) new contributions and accrued benefits transferred from another scheme invested in the DIS. If a Member only elects to switch the existing accrued benefits outside of the DIS without providing a new Specific Investment Instruction, new contributions and accrued benefits transferred from another scheme will still be invested in the DIS. Also, Members may change their investment mandate to invest in the DIS at any time.

### Circumstances for Accrued Benefits to be Invested in the DIS

(i) New accounts set up on or after 1<sup>st</sup> April, 2017:

(a) When a Member (including a Member who is a Special Voluntary Contribution Account Member) joins the Master Trust or sets up a new account in the Master Trust, they have the opportunity to give a Specific Investment Instruction for their future contributions and accrued benefits transferred from another scheme. They may choose to invest their future contributions and accrued benefits transferred from another scheme into:

(I) the DIS; or

(II) one or more Constituent Funds of their own choice from the list under the section headed "**Constituent Funds**" above (including the BEA (MPF) Core Accumulation Fund and the BEA (MPF) Age 65 Plus Fund) and according to their assigned allocation percentage(s) to relevant fund(s) of their choice;

(b) Upon enrolment, a Member who is an employee member may give a Specific Investment Instruction for employer's mandatory and voluntary contributions and a different Specific Investment Instruction for employee's mandatory and voluntary contributions. Subsequent to enrolment, such a Member may however give different Specific Investment Instructions to different types of contributions; to illustrate, a Specific Investment Instruction may be given to a Member's employer's mandatory contributions and a different Specific Investment Instruction may be given to the Member's employer's voluntary contributions;

(c) Members should note that, if investments/benefits in BEA (MPF) Core Accumulation Fund or BEA (MPF) Age 65 Plus Fund are made under the Member's Specific Investment Instructions for investment in such fund (as a standalone fund choice rather than as part of the DIS offered as a choice) ("**standalone investments**"), those investments/benefits will not be subject to the de-risking process. If a Member's accrued benefits are invested in any combination of (i) BEA (MPF) Core Accumulation Fund and/or BEA (MPF) Age 65 Plus Fund as standalone investments and (ii) the DIS (no matter by default or by a Specific Investment Instruction), accrued benefits invested under (i) will not be subject to the de-risking mechanism whereas for accrued benefits under (ii) will be subject to the de-risking process. In this connection, Members should pay attention to the different on-going administration arrangements applicable to accrued benefits invested in (i) and (ii). In particular, Members will, when giving a fund switching instruction, be required to specify to which part of the benefits (namely, under (i) or (ii)) the instruction relates;

(d) If a Member opts for (a)(II) above, the investment instruction must meet the requirements for a Specific Investment Instruction. The following table sets out the different investment instructions and the consequences of each investment instruction given upon enrolment being invalid:

Investment instruction	Consequences
A. The total investment allocation is less than 100%.	The entire contributions and accrued benefits transferred from another scheme will be invested into DIS.
B. The total exceeds 100%.	
C. The investment allocation is not in a multiple of 10%.	
D. The investment instruction is not legible and the Trustee is unable to process.	
E. No investment allocation is given.	

(e) If Members do not give Specific Investment Instructions, their future contributions and accrued benefits transferred from another scheme will be automatically invested in the DIS;

(f) Where a Member has multiple capacities under the same Master Trust (e.g. a Member being an employee member and a personal account holder), the investment arrangement applies to the accounts of the Member in each capacity individually. In other words, if a Member is an employee member and a personal account holder and wishes to switch his accrued benefits and contributions under the accounts related to his/her employee member status into DIS, such switching will only impact the accounts related to his/her employee member status and not the accounts related to his/her personal account holder status.

(ii) Existing accounts set up before 1<sup>st</sup> April, 2017:

There are special rules to be applied for accounts which exist or are set up before 1<sup>st</sup> April, 2017 ("**Pre-existing Accounts**") and these rules only apply to Members who are under or becoming 60 years of age on 1<sup>st</sup> April, 2017:

- (a) For a Member's Pre-existing Account with all accrued benefits being invested according to the original default investment arrangement which was generally resulted from no investment instruction being given on the existing accrued benefits (such Member being a "**DIA Member**"):

If, as of 1<sup>st</sup> April, 2017, the accrued benefits in a Member's Pre-existing Account are only invested in the original default investment arrangement of the Master Trust (i.e. BEA (MPF) Stable Fund), special rules and arrangements will be applied, in due course, to determine whether the accrued benefits in such account will be transferred to the DIS and whether the future contributions and accrued benefits transferred from another scheme for such account will be invested in DIS. If a Member's Pre-existing Account is the one described above, a notice called the DIS Re-investment Notice (the "**DRN**") may be sent to the DIA Member within 6 months from 1<sup>st</sup> April, 2017 explaining the impact on such account and giving the DIA Member an opportunity to give a specified investment instruction to the Trustee before the accrued benefits, future contributions and accrued benefits transferred from another scheme are invested into the DIS. If the Trustee is not aware of any contact details of the Member that enable the Trustee to give the DRN, the Trustee will proceed to locate the Member in the manner, and within the time limit, specified in the guidelines issued by the Authority. Members should note that the risk inherent in the arrangement, in particular, the risk of the original default investment arrangement under "**Risk Factors**" may be different from that of the DIS. They will also be subject to market risks during the redemption and reinvestment process. The following table summarises the risk levels of each of the original default investment arrangement, the BEA (MPF) Core Accumulation Fund and the BEA (MPF) Age 65 Plus Fund:

Name of the constituent fund	Risk level
BEA (MPF) Stable Fund	Low to medium
BEA (MPF) Core Accumulation Fund	Medium to high
BEA (MPF) Age 65 Plus Fund	Low to medium

For details of the arrangement, Members should refer to the DRN.

- (b) For a Member's Pre-existing Account with part of the accrued benefits in the original default investment arrangement:

For a Member's Pre-existing Account which accrued benefits are partly invested in the original default investment arrangement immediately before 1<sup>st</sup> April, 2017 (as a result of no valid investment instruction being given in respect of that part of the accrued benefits), unless the Trustee has received any Specific Investment Instructions, accrued benefits of a Member (including future contributions and accrued benefits transferred from another scheme) will be invested in the same manner as immediately before 1<sup>st</sup> April, 2017;

- (c) For a Member's Pre-existing Account which, as at 31<sup>st</sup> March, 2017, has all of the accrued benefits in it invested in Constituent Funds other than the original default investment arrangement for whatever reasons (e.g. as a result of switching instructions or accrued benefits from another account within the Master Trust being transferred to the Pre-existing Account) and no investment mandate has ever been given for the Pre-existing Account in respect of new contributions and accrued benefits transferred from another scheme, unless the Trustee has received any Specific Investment Instructions, the Member's accrued benefits will be invested in the same manner as they were invested immediately before 1<sup>st</sup> April, 2017, while the new contributions and accrued benefits transferred from another scheme paid to the Member's Pre-existing Account on or after 1<sup>st</sup> April, 2017 will be invested in the DIS.

(iii) Treatment of benefits transferred from a contribution account to a personal account

Where a Member ceases employment with a participating employer and:

- (a) in the absence of his/her election to transfer such benefits as described in the sub-section headed "**Transfers to Other Schemes or other account(s) within the Master Trust**", and his/her accrued benefits in respect of such employment are automatically transferred to a personal account under the Master Trust upon the expiry of the three months' period after the Trustee has been notified of the termination of his/her employment; or
- (b) the Member has given instruction to transfer the accrued benefits from such employment to a personal account and his/her accrued benefits are therefore transferred to the personal account,

the accrued benefits transferred from the Member's contribution account to the Member's personal account will be invested in the same manner immediately before the transfer, and, unless the Trustee receives a Specific Investment Instruction from the Member with regard to the Member's personal account, any future contributions and accrued benefits from another scheme may be invested in the DIS.

**Fees and Out-of-Pocket Expenses of the DIS**

In accordance with section 34DD(4) and Schedule 11 of the MPF Ordinance, the aggregate of the payments for services specified in section 34DD(2) of the MPF Ordinance of the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund must not, in a single day, exceed a daily rate (being 0.75% per annum of the net asset value of each of these two Constituent Funds divided by the number of days in the year).

The above aggregate payments for services (i.e. "**management fees**" as defined in 7A of the sub-section "**DEFINITIONS**" under the section headed "**Fee Table**") include, but are not limited to, the fees paid or payable for the services provided by the Trustee, the Administrator, the Sponsor and/or the Investment Manager of the Master Trust and the underlying investment funds of each of the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund, and any of the delegates from these parties and such fees are

calculated as a percentage of the net asset value of each of the Constituent Funds and its underlying investment fund(s), but does not include any out-of-pocket expenses incurred by each Constituent Fund and its underlying investment fund(s).

In addition, in accordance with section 34DD(4) and Schedule 11 to the MPF Ordinance, the total amount of all payments that are charged to or imposed on each of the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund or Members who invest in each of the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund, for out-of-pocket expenses incurred by the Trustee on a recurrent basis in the discharge of the Trustee's duties to provide services in relation to each of the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund, shall not in a single year exceed 0.2% of the net asset value of each of the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund. For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of the net asset value and transaction costs incurred by each of the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund in connection with recurrent acquisition of investments for each of the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund (including, for example, costs incurred in acquiring underlying funds) and annual statutory expenses (such as compensation fund levy where relevant) of each of the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund.

Members should note that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on the BEA (MPF) Core Accumulation Fund and the BEA (MPF) Age 65 Plus Fund. Such fees are not subject to the statutory caps mentioned in the preceding paragraphs.

For further details, please refer to the fee table "**(C) FUND OPERATING CHARGES & EXPENSES OF CONSTITUENT FUNDS**" under the section "**Fee Table**" of this Explanatory Memorandum.

### **Information on Performance of the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund**

The fund performance (including the definition and actual figures of the fund expense ratio) and Reference Portfolios of the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund will be published in the fund fact sheets (and one of which will be attached to annual benefit statement). Members can visit <http://www.hkbea.com> or call the customer service hotline for information. Members may also obtain the fund performance information at the website of the Authority ([www.mpfa.org.hk](http://www.mpfa.org.hk)).

The Reference Portfolio is adopted for the purpose of DIS. The fund performance will be reported against the Reference Portfolio published by the Hong Kong Investment Funds Association. Please visit [www.hkifa.org.hk](http://www.hkifa.org.hk) for further information regarding the performance of the Reference Portfolio.

The fund performance is calculated in Hong Kong dollar on NAV-to-NAV basis. Past performance is not indicative of future performance. There is no assurance that investment returns and members' accrued benefits may not suffer significant loss. Members should regularly review the performance of the fund and consider whether the investments still suit their personal needs and circumstances."

### **RISK FACTORS ASSOCIATED WITH THE DIS**

4. Page 22 - The following paragraphs shall be inserted after the sub-section headed "**Early Termination risk**" under the section headed "**Risk Factors**":-

#### **"Principal risks of investing in DIS**

Members should note that there are a number of attributes of the design of the DIS strategy as set out below, which affect the types of risks associated with the DIS.

#### **Limitations on the strategy**

- (i) Age as the sole factor in determining the asset allocation under the DIS

As set out in more detail in "**MPF Default Investment Strategy**", Members should note that the DIS adopts pre-determined asset allocation and automatically adjusts asset allocation based only upon a Member's age. The DIS does not take into account factors other than age, such as market and economic conditions nor Member's personal circumstances including investment objectives, financial needs, risk tolerance or likely retirement date. Members who want their MPF portfolio to reflect their own personal circumstances can make their own selection of funds from the range available in the Master Trust.

- (ii) Pre-set asset allocation

Members should note that the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund have to follow the prescribed allocation between Higher Risk Assets and Lower Risk Assets at all times subject to a tolerance level of + or - 5%. The prescribed exposure between Higher Risk Assets and Lower Risk Assets of BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund will limit the ability of the Investment Manager of the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund to adjust asset allocations in response to sudden market fluctuations; for example through the adoption of either a more defensive asset allocation approach (being an approach which seeks to reduce Higher Risk Assets exposure), or alternatively a more aggressive asset allocation approach (being an approach which seeks to increase Higher Risk Assets exposure) even if, for some reason, the Investment Manager thought it appropriate to do so.



(iii) Annual de-risking between the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund

Members should note that de-risking for each relevant Member will generally be carried out on a Member's birthday, regardless of the prevailing market conditions. While the de-risking process aims at managing risks of the investments through reducing exposure to Higher Risk Assets, it may preclude the DIS from fully capturing the upside in rising equity markets during the de-risking process and therefore would underperform as compared with funds not adopting the de-risking process under the same market conditions.

It is possible that the de-risking process is done at a time which may result in Members reducing exposure to an asset class which outperforms and increasing exposure to an asset class which underperforms. The asset allocation changes gradually over a 15-year time period. Members should be aware that the de-risking operates automatically regardless of the wish of a Member to adopt a strategy which might catch market upside or avoid market downside.

Also, the de-risking process cannot insulate Members from "systemic risk", such as broad-based recessions and other economic crises, which will affect the prices of most asset classes at the same time.

(iv) Potential rebalancing within each of the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund

In order to maintain the prescribed allocation between the Higher Risk Assets and Lower Risk Assets within each of the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund, the investments of each of the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund may have to be continuously rebalanced. For example, when the Higher Risk Assets perform poorly, the BEA (MPF) Core Accumulation Fund's or BEA (MPF) Age 65 Plus Fund's asset allocation may fall outside the respective prescribed limit. In this case, each of the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund will have to liquidate some of the better performing Lower Risk Assets in order to invest more in the Higher Risk Assets, even if the Investment Manager is of the view that the Higher Risk Assets might continue to perform poorly.

(v) Additional transaction costs

Due to (a) the potential rebalancing of Higher Risk Assets and Lower Risk Assets in the process of maintaining the prescribed allocation within each of the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund and (b) the annual reallocation of accrued benefits for Members under the de-risking process, the DIS may incur greater transaction costs than a fund/strategy with more static allocation.

### General investment risk related to DIS

Although DIS is a statutory arrangement, it does not guarantee capital repayment nor positive investment returns (in particular for those Members with only a short investment horizon before retirement). The two designated Constituent Funds for DIS are mixed asset funds investing in a mix of equities and bonds. Members should note that the DIS which invests in these Constituent Funds is subject to the general investment risks that apply to mixed asset funds. For general key risks relating to investment funds, please refer to the section headed "Risk Factors".

### Risk on early withdrawal and switching

Since the DIS has been developed having regard to the long-term balance between risks and likely returns, and assumes retirement at the age of 65, any cessation of the strategy (for example through early withdrawal of accrued benefits or switching into other funds) will affect that balance.

### Impact on Members keeping benefits in the DIS beyond the age of 64

Members should note that the de-risking process will discontinue upon reaching the age of 64. Members should be aware that all accrued benefits (including accrued benefits transferred from another scheme)/on-going contributions, if any, will be invested in the BEA (MPF) Age 65 Plus Fund which holds around 20% of its assets in Higher Risk Assets which may not be suitable for all Members beyond the age of 64."

### BEA (MPF) CORE ACCUMULATION FUND AND BEA (MPF) AGE 65 PLUS FUND

5. Page 6 - The second paragraph under the section headed "CONSTITUENT FUNDS" shall be deleted in its entirety and replaced by the following:

"The Master Trust currently offers 18 Constituent Funds for investment, listed below:-

<u>Name of Constituent Fund</u>	<u>Fund Type</u>	<u>Investment Structure</u>
BEA (MPF) Growth Fund	Mixed Assets Fund – Global – Maximum 90% in equity	Investment in 2 or more Approved Pooled Investment Funds and/or Approved Index-Tracking Funds
BEA (MPF) Balanced Fund	Mixed Assets Fund – Global – Maximum 60% in equity	Investment in 2 or more Approved Pooled Investment Funds and/or Approved Index-Tracking Funds
BEA (MPF) Stable Fund	Mixed Assets Fund – Global – Maximum 40% in equity	Investment in 2 or more Approved Pooled Investment Funds and/or Approved Index-Tracking Funds
BEA (MPF) Global Equity Fund	Equity Fund – Global	Investment in 2 or more Approved Pooled Investment Funds and/or Approved Index-Tracking Funds
BEA (MPF) European Equity Fund	Equity Fund – Europe	Investment in 2 or more Approved Pooled Investment Funds and/or Approved Index-Tracking Funds

<u>Name of Constituent Fund</u>	<u>Fund Type</u>	<u>Investment Structure</u>
BEA (MPF) North American Equity Fund	Equity Fund – North America	Investment in 2 or more Approved Pooled Investment Funds and/or Approved Index-Tracking Funds
BEA (MPF) Asian Equity Fund	Equity Fund – Asia ex-Japan	Investment in 2 or more Approved Pooled Investment Funds and/or Approved Index-Tracking Funds
BEA (MPF) Greater China Equity Fund	Equity Fund – Greater China	Investment in 2 or more Approved Pooled Investment Funds and/or Approved Index-Tracking Funds
BEA (MPF) Japan Equity Fund	Equity Fund – Japan	Investment in 2 or more Approved Pooled Investment Funds and/or Approved Index-Tracking Funds
BEA (MPF) Hong Kong Equity Fund	Equity Fund – Hong Kong	Investment in 2 or more Approved Pooled Investment Funds and/or Approved Index-Tracking Funds
BEA China Tracker Fund	Equity Fund – China	Investment in a single Approved Index-Tracking Fund
BEA Hong Kong Tracker Fund	Equity Fund – Hong Kong	Investment in a single Approved Index-Tracking Fund
BEA (MPF) Global Bond Fund	Bond Fund – Global	Investment in 2 or more Approved Pooled Investment Funds and/or Approved Index-Tracking Funds
BEA (MPF) RMB & HKD Money Market Fund (this Constituent Fund is denominated in HKD only and not in RMB)	Money Market Fund – China and Hong Kong	Direct investment in a portfolio of mainly HK dollar and RMB deposits and HK dollar and RMB denominated debt instruments
BEA (MPF) Long Term Guaranteed Fund	Guaranteed Fund – guarantee payable conditionally	Investment in a single Approved Pooled Investment Fund
BEA (MPF) Conservative Fund	Money Market Fund – Hong Kong	Direct investment in a portfolio of HK dollar deposits and HK dollar denominated debt instruments
BEA (MPF) Core Accumulation Fund	Mixed Assets Fund – Global	Investment in a single Approved Pooled Investment Fund
BEA (MPF) Age 65 Plus Fund	Mixed Assets Fund – Global	Investment in a single Approved Pooled Investment Fund”

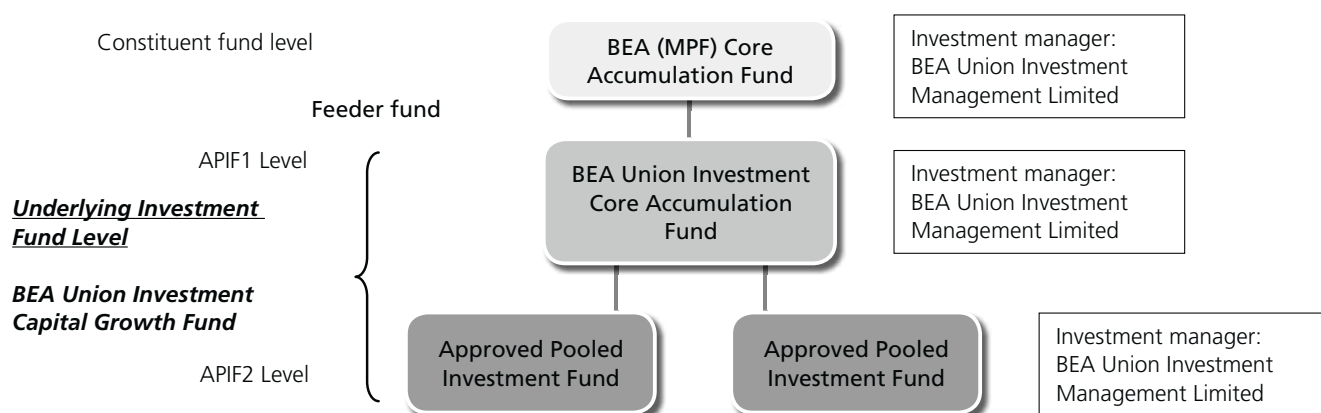
6. Page 16 - The following paragraphs shall be inserted after the sub-section headed “**BEA (MPF) Conservative Fund**” under the section headed “**CONSTITUENT FUNDS**”:-

**“BEA (MPF) Core Accumulation Fund**

**Investment Objective:** To provide capital growth to Members by investing in a globally diversified manner.

**Investment Strategy:** The BEA (MPF) Core Accumulation Fund adopts an active investment strategy. With this strategy, the investment manager of the BEA Union Investment Core Accumulation Fund may allocate the assets among the two underlying approved pooled investment fund(s) at its discretion, subject to the restrictions set out in the sub-paragraph “**Asset Allocation**” below.

**Investment Policy:** The BEA (MPF) Core Accumulation Fund will invest in an Approved Pooled Investment Fund, BEA Union Investment Core Accumulation Fund under the BEA Union Investment Capital Growth Fund, which in turn invests in two Approved Pooled Investment Funds as allowed under the General Regulation. The investment manager of the BEA Union Investment Core Accumulation Fund will from time to time rebalance the allocation between the two Approved Pooled Investment Funds, such that so far as practicable the asset allocation of the BEA Union Investment Core Accumulation Fund will be as set out in the sub-paragraph “**Asset Allocation**” below. Please refer to the following product structural chart illustrating the fund structure of the BEA (MPF) Core Accumulation Fund:



**Asset Allocation:** Subject to the discretion of the investment manager of the BEA Union Investment Core Accumulation Fund and through an active asset allocation strategy investing in the two Approved Pooled Investment Funds (which in turn adopt relevant active strategy in selecting particular global equities or global bonds), the BEA (MPF) Core Accumulation Fund will hold around 60% of its net asset value in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 55% and 65% due to differing price movements of various equity and bond markets. There is no prescribed allocation for investments in any specific countries or currencies.



**Financial futures, options contracts and securities lending:** The BEA (MPF) Core Accumulation Fund will not enter into currency forward contracts, financial futures and options contracts for any purposes. However, the BEA Union Investment Core Accumulation Fund may enter into currency forward contracts, financial futures and options contracts for hedging purposes to reduce risk and protect asset value, consistent with the investment objective of the BEA Union Investment Core Accumulation Fund.

The BEA Union Investment Core Accumulation Fund will not invest in any structured deposits or products, and will not enter into any securities lending, repurchase transactions or other similar transactions.

**Hong Kong dollar currency exposure:** Through the BEA (MPF) Core Accumulation Fund's investment in the BEA Union Investment Core Accumulation Fund, at least 30% of the assets of the BEA (MPF) Core Accumulation Fund will be held in Hong Kong dollar currency investments as measured by effective currency exposure (determined in accordance with Schedule 1 of the General Regulation).

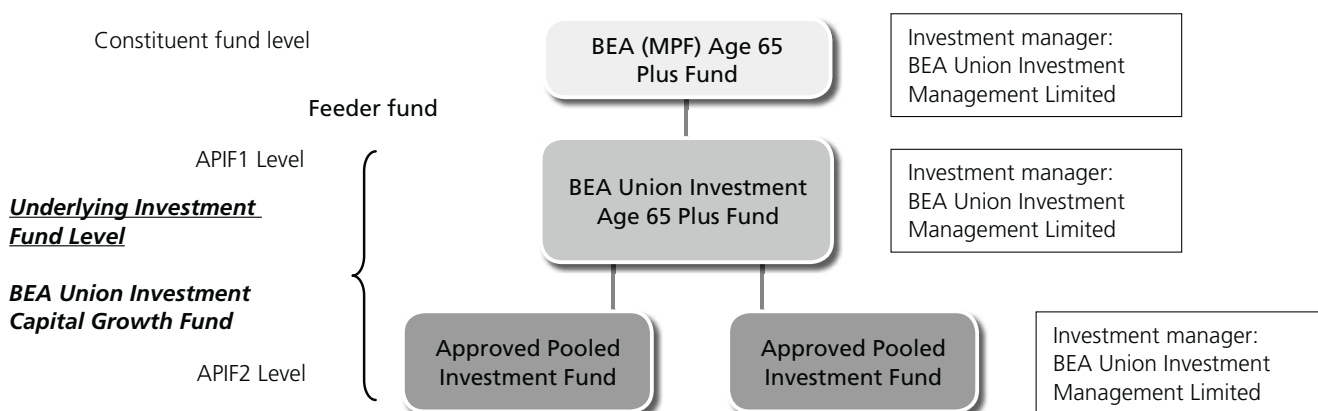
**Risk and Return Profile:** Investors should regard BEA (MPF) Core Accumulation Fund as a medium to high risk investment. The Sponsor and the Trustee, with the opinion from the Investment Manager determines the risk profile of the BEA (MPF) Core Accumulation Fund, which is for your reference only. The risk profile is based on relative exposure to equities/bonds and will be reviewed semi-annually. The Investment Manager expects the return of the BEA (MPF) Core Accumulation Fund over the long term to reflect movements between the global equity market and global bond market, with an emphasis on the asset allocation applicable to the BEA (MPF) Core Accumulation Fund, targeting to outperform the Reference Portfolio (as defined in Section 6.5A "MPF Default Investment Strategy").

### BEA (MPF) Age 65 Plus Fund

**Investment Objective:** To provide stable growth to scheme members by investing in a globally diversified manner.

**Investment Strategy:** The BEA (MPF) Age 65 Plus Fund adopts an active investment strategy. With this strategy, the investment manager of the BEA Union Investment Age 65 Plus Fund may allocate the assets among the two underlying approved pooled investment fund(s) at its discretion, subject to the restrictions set out in the sub-paragraph "Asset Allocation" below.

**Investment Policy:** The BEA (MPF) Age 65 Plus Fund will invest in an Approved Pooled Investment Fund, BEA Union Investment Age 65 Plus Fund under the BEA Union Investment Capital Growth Fund, which in turn invests in two Approved Pooled Investment Funds as allowed under the General Regulation. The investment manager of the BEA Union Investment Age 65 Plus Fund will from time to time rebalance the allocation between the two Approved Pooled Investment Funds, such that so far as practicable the asset allocation of the BEA Union Investment Age 65 Plus Fund will be as set out in the sub-paragraph "Asset Allocation" below. Please refer to the following product structural chart illustrating the fund structure of the BEA (MPF) Age 65 Plus Fund:



**Asset Allocation:** Subject to the discretion of the investment manager of the BEA Union Investment Age 65 Plus Fund and through an active asset allocation strategy investing in the two Approved Pooled Investment Funds (which in turn adopt relevant active investment strategy in selecting particular global equities or global bonds), the BEA (MPF) Age 65 Plus Fund will hold around 20% of its net asset value in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 15% and 25% due to differing price movements of various equity and bond markets. There is no prescribed allocation for investments in any specific countries or currencies.

**Financial futures, options contracts and securities lending:** The BEA (MPF) Age 65 Plus Fund will not enter into currency forward contracts, financial futures and options contracts for any purposes. However, the BEA Union Investment Age 65 Plus Fund may enter into currency forward contracts, financial futures and options contracts for hedging purposes to reduce risk and protect asset value, consistent with the investment objective of the BEA Union Investment Age 65 Plus Fund.

The BEA Union Investment Age 65 Plus Fund will not invest in any structured deposits or products, and will not enter into any securities lending, repurchase transactions or other similar transactions.

**Hong Kong dollar currency exposure:** Through the BEA (MPF) Age 65 Plus Fund's investment in the BEA Union Investment Age 65 Plus Fund, at least 30% of the assets of the BEA (MPF) Age 65 Plus Fund will be held in Hong Kong dollar currency investments as measured by effective currency exposure (determined in accordance with Schedule 1 of the General Regulation).

**Risk and Return Profile:** Due to its investments mainly in Lower Risk Assets (such as global bonds and money market instruments), investors should regard BEA (MPF) Age 65 Plus Fund as a low to medium risk investment. The Sponsor and the Trustee, with the

opinion from the Investment Manager determines the risk profile of the BEA (MPF) Age 65 Plus Fund, which is for your reference only. The risk profile is based on relative exposure to equities/bonds and will be reviewed semi-annually. The Investment Manager expects the return of the BEA (MPF) Age 65 Plus Fund over the long term to reflect movements between the global equity market and global bond market, with an emphasis on the asset allocation applicable to the BEA (MPF) Age 65 Plus Fund, targeting to outperform the Reference Portfolio (as defined in Section 6.5A “MPF Default Investment Strategy”).”

## FEES AND CHARGES OF THE BEA (MPF) CORE ACCUMULATION FUND AND THE BEA (MPF) AGE 65 PLUS FUND

7. Page 32 - The sub-subsection entitled “**Withdrawal by instalments**” under the subsection “**Payment of Benefits**” under the section headed “**BENEFITS**” shall be amended by adding the following wording at the end of the second sentence of the fifth paragraph under that sub-subsection:

“, provided that no such charge shall be charged to or imposed on a Member who has all or part of the accrued benefits invested in the BEA (MPF) Core Accumulation Fund and/or BEA (MPF) Age 65 Plus Fund as at the time when the Trustee receives the valid withdrawal request from the Member”

8. Page 39 - The subsection entitled “**Sponsor’s Fees**” under the section headed “**CHARGES AND EXPENSES**” shall be amended as follows:-

(a) The following new rows shall be added at the end of the table under the first paragraph:-

“BEA (MPF) Core Accumulation Fund	0.295%
BEA (MPF) Age 65 Plus Fund	0.295%”

- (b) The second, third and fourth paragraphs under the subsection entitled “**Sponsor’s Fees**” under the section headed “**CHARGES AND EXPENSES**” shall be replaced in their entirety with the following:-

“Subject as provided above in relation to the BEA (MPF) Conservative Fund, BEA (MPF) Long Term Guaranteed Fund, BEA (MPF) Global Equity Fund, BEA (MPF) European Equity Fund, BEA (MPF) North American Equity Fund, BEA (MPF) Japan Equity Fund, BEA China Tracker Fund, BEA Hong Kong Tracker Fund, BEA (MPF) Global Bond Fund and BEA (MPF) RMB & HKD Money Market Fund (this Constituent Fund is denominated in HKD only and not in RMB), the Sponsor is entitled to receive a fee equal to 1.20% p.a. of the net asset value of each Constituent Fund other than those specified above and other than the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund. This fee is calculated and accrues on each Valuation Date and is payable monthly in arrears. The Sponsor’s fee is inclusive of the fees payable to the Trustee and the Investment Manager and the Sponsor will pay the fees of the Trustee and the Investment Manager out of its own fee. The fees payable to the Trustee are inclusive of administration and custody fees payable to the Trustee in its capacity as the Administrator and Custodian (but, exclusive of fees payable to sub-custodians which will be paid from the assets of the Master Trust).

The Sponsor may increase the rate of fee payable in respect of any Constituent Fund (other than BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund) (up to or towards a maximum rate of 3% p.a.) on giving not less than 3 months’ notice to affected Members.

The Sponsor does not currently intend to levy an offer spread or a bid spread on the issue or realisation of Units, although it has the power to levy (a) an offer spread on the issue of Units in each Constituent Fund (other than the BEA (MPF) Conservative Fund, BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund) of up to 5% of the issue price of such Units and (b) a bid spread on the realisation of Units in each Constituent Fund (other than the BEA (MPF) Conservative Fund, BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund) of up to 0.5% of the realisation price of such Units. The Sponsor will give not less than 3 months’ notice to Members of any change in such intention.”

9. Page 39 - The following shall be inserted after the subsection entitled “**Sponsor’s Fees**” under the section headed “**CHARGES AND EXPENSES**”:-

### “**Management Fees**”

In return for the Sponsor providing services related to product support, disseminating MPF marketing materials and product development activities, the Sponsor is entitled to receive a management fee of 0.75% (inclusive of the fees and charges payable at both the Constituent Fund level and underlying fund level) p.a. of the net asset value for the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund. The fee covers any other costs in relation to the abovementioned services. This fee is calculated and accrued on each Valuation Date and are payable monthly in arrears. The fee is inclusive of the fees payable to the Trustee and the Investment Manager and the Sponsor will pay the fees of the Trustee and the Investment Manager out of its own fee. The fees payable to the Trustee are inclusive of administration fees payable to the Trustee in its capacity as the Administrator. The fee breakdown of the management fees in respect of the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund is as follows:

Fees payable to:	Current level (p.a.)
Sponsor	0.295%
Trustee and Administrator	0.295%
Investment Manager	0.16%”

10. Page 40 - The first paragraph under the sub-section entitled “**Trustee and Investment Management Fees**” under the section headed “**CHARGES AND EXPENSES**” shall be replaced in its entirety with the following:-

“The Sponsor will pay the fees of the Trustee and the Investment Manager out of its own fee. The Trustee and the Investment Manager do not currently charge any fees to the Master Trust, although the Trustee is entitled to charge a fee of up to 3% p.a. of the net asset value of each Constituent Fund (other than the BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund) on giving not less than 3 months’ notice to affected Members. It is the present intention of the Sponsor that the total of the Sponsor’s fees, the Trustee’s fees (if any) and the Investment Manager’s fees (if any) charged to each Constituent Fund (except BEA (MPF) Core Accumulation Fund, BEA (MPF) Age 65 Plus Fund and BEA (MPF) Long Term Guaranteed Fund) will not exceed 1.20% p.a. of the net asset value of the Constituent Fund.”

## 11. Fee Table

(a) Page 42 - The fee table headed “**(B) FEES AND CHARGES PAYABLE ARISING FROM TRANSACTIONS IN INDIVIDUAL MEMBER’S ACCOUNT**” under the section headed “**Fee Table**” shall be deleted in its entirety and replaced by the following:-

<b>(B) FEES AND CHARGES PAYABLE ARISING FROM TRANSACTIONS IN INDIVIDUAL MEMBER’S ACCOUNT</b>			
Type of fees & charges	Name of Constituent Fund	Current level	Payable by
Contribution charge <sup>3</sup>	BEA (MPF) Growth Fund	Nil	N/A
	BEA (MPF) Balanced Fund	Nil	N/A
	BEA (MPF) Stable Fund	Nil	N/A
	BEA (MPF) Global Equity Fund	Nil	N/A
	BEA (MPF) European Equity Fund	Nil	N/A
	BEA (MPF) North American Equity Fund	Nil	N/A
	BEA (MPF) Asian Equity Fund	Nil	N/A
	BEA (MPF) Greater China Equity Fund	Nil	N/A
	BEA (MPF) Japan Equity Fund	Nil	N/A
	BEA (MPF) Hong Kong Equity Fund	Nil	N/A
	BEA China Tracker Fund	Nil	N/A
	BEA Hong Kong Tracker Fund	Nil	N/A
	BEA (MPF) Global Bond Fund	Nil	N/A
	BEA (MPF) RMB & HKD Money Market Fund (this Constituent Fund is denominated in HKD only and not in RMB)	Nil	N/A
	BEA (MPF) Long Term Guaranteed Fund	Nil	N/A
	BEA (MPF) Conservative Fund	N/A	
	BEA (MPF) Core Accumulation Fund	Nil	N/A
BEA (MPF) Age 65 Plus Fund	Nil	N/A	
Offer spread <sup>4</sup>	BEA (MPF) Growth Fund	Currently Waived	N/A
	BEA (MPF) Balanced Fund	Currently Waived	N/A
	BEA (MPF) Stable Fund	Currently Waived	N/A
	BEA (MPF) Global Equity Fund	Currently Waived	N/A
	BEA (MPF) European Equity Fund	Currently Waived	N/A
	BEA (MPF) North American Equity Fund	Currently Waived	N/A
	BEA (MPF) Asian Equity Fund	Currently Waived	N/A
	BEA (MPF) Greater China Equity Fund	Currently Waived	N/A
	BEA (MPF) Japan Equity Fund	Currently Waived	N/A
	BEA (MPF) Hong Kong Equity Fund	Currently Waived	N/A
	BEA China Tracker Fund	Currently Waived	N/A
	BEA Hong Kong Tracker Fund	Currently Waived	N/A
	BEA (MPF) Global Bond Fund	Currently Waived	N/A
	BEA (MPF) RMB & HKD Money Market Fund (this Constituent Fund is denominated in HKD only and not in RMB)	Currently Waived	N/A
	BEA (MPF) Long Term Guaranteed Fund	Currently Waived	N/A
	BEA (MPF) Conservative Fund	N/A	
	BEA (MPF) Core Accumulation Fund	Currently Waived	N/A
BEA (MPF) Age 65 Plus Fund	Currently Waived	N/A	
Bid spread <sup>5</sup>	BEA (MPF) Growth Fund	Currently Waived	N/A
	BEA (MPF) Balanced Fund	Currently Waived	N/A
	BEA (MPF) Stable Fund	Currently Waived	N/A
	BEA (MPF) Global Equity Fund	Currently Waived	N/A
	BEA (MPF) European Equity Fund	Currently Waived	N/A
	BEA (MPF) North American Equity Fund	Currently Waived	N/A
	BEA (MPF) Asian Equity Fund	Currently Waived	N/A
	BEA (MPF) Greater China Equity Fund	Currently Waived	N/A
	BEA (MPF) Japan Equity Fund	Currently Waived	N/A

<b>(B) FEES AND CHARGES PAYABLE ARISING FROM TRANSACTIONS IN INDIVIDUAL MEMBER'S ACCOUNT</b>			
Type of fees & charges	Name of Constituent Fund	Current level	Payable by
Bid spread <sup>5</sup>	BEA (MPF) Hong Kong Equity Fund	Currently Waived	N/A
	BEA China Tracker Fund	Currently Waived	N/A
	BEA Hong Kong Tracker Fund	Currently Waived	N/A
	BEA (MPF) Global Bond Fund	Currently Waived	N/A
	BEA (MPF) RMB & HKD Money Market Fund (this Constituent Fund is denominated in HKD only and not in RMB)	Currently Waived	N/A
	BEA (MPF) Long Term Guaranteed Fund	Currently Waived	N/A
	BEA (MPF) Conservative Fund	N/A	
	BEA (MPF) Core Accumulation Fund	Currently Waived	N/A
	BEA (MPF) Age 65 Plus Fund	Currently Waived	N/A
Withdrawal charge <sup>6</sup>	BEA (MPF) Growth Fund	Nil	N/A
	BEA (MPF) Balanced Fund	Nil	N/A
	BEA (MPF) Stable Fund	Nil	N/A
	BEA (MPF) Global Equity Fund	Nil	N/A
	BEA (MPF) European Equity Fund	Nil	N/A
	BEA (MPF) North American Equity Fund	Nil	N/A
	BEA (MPF) Asian Equity Fund	Nil	N/A
	BEA (MPF) Greater China Equity Fund	Nil	N/A
	BEA (MPF) Japan Equity Fund	Nil	N/A
	BEA (MPF) Hong Kong Equity Fund	Nil	N/A
	BEA China Tracker Fund	Nil	N/A
	BEA Hong Kong Tracker Fund	Nil	N/A
	BEA (MPF) Global Bond Fund	Nil	N/A
	BEA (MPF) RMB & HKD Money Market Fund (this Constituent Fund is denominated in HKD only and not in RMB)	Nil	N/A
	BEA (MPF) Long Term Guaranteed Fund	Nil	N/A
	BEA (MPF) Conservative Fund	N/A	
	BEA (MPF) Core Accumulation Fund	Nil	N/A
BEA (MPF) Age 65 Plus Fund	Nil	N/A	

(b) Page 44 - The table headed “**(C) FUND OPERATING CHARGES & EXPENSES OF CONSTITUENT FUNDS**” under the section headed “**Fee Table**” shall be replaced in its entirety with the following:-

<b>(C) FUND OPERATING CHARGES &amp; EXPENSES OF CONSTITUENT FUNDS</b>			
Type of charges & expenses	Name of Constituent Fund	Current level	Deducted from
Management fees <sup>7,7A</sup>	BEA (MPF) Growth Fund	1.20% p.a. of NAV	Relevant Constituent Fund assets
	BEA (MPF) Balanced Fund	1.20% p.a. of NAV	
	BEA (MPF) Stable Fund	1.20% p.a. of NAV	
	BEA (MPF) Global Equity Fund	1.175% p.a. of NAV	
	BEA (MPF) European Equity Fund	1.175% p.a. of NAV	
	BEA (MPF) North American Equity Fund	1.175% p.a. of NAV	
	BEA (MPF) Asian Equity Fund	1.20% p.a. of NAV	
	BEA (MPF) Greater China Equity Fund	1.20% p.a. of NAV	
	BEA (MPF) Japan Equity Fund	1.175% p.a. of NAV	
	BEA (MPF) Hong Kong Equity Fund	1.20% p.a. of NAV	
	BEA China Tracker Fund	0.60% p.a. of NAV	
	BEA Hong Kong Tracker Fund	0.60% p.a. of NAV	
	BEA (MPF) Global Bond Fund	0.99% p.a. of NAV	
	BEA (MPF) RMB & HKD Money Market Fund (this Constituent Fund is denominated in HKD only and not in RMB)	0.79% p.a. of NAV	
	BEA (MPF) Long Term Guaranteed Fund	up to 1.50% p.a. of NAV	
	BEA (MPF) Core Accumulation Fund	0.75% p.a. of NAV	
	BEA (MPF) Age 65 Plus Fund	0.75% p.a. of NAV	
BEA (MPF) Conservative Fund	0.79% p.a. of NAV	Relevant Member's account by Unit deduction	

<b>(C) FUND OPERATING CHARGES &amp; EXPENSES OF CONSTITUENT FUNDS</b>			
Type of charges & expenses	Name of Constituent Fund	Current level	Deducted from
Other expenses	<p>The Constituent Funds will bear the operating expenses of the Master Trust (e.g. compensation fund levy (if any), indemnity insurance, auditor's fees and legal charges) in proportion to their respective net asset values or in such other manner as the Trustee shall consider fair. Such expenses are summarized in point (vi) of the Explanatory Notes.</p> <p>Certain recurrent expenses relating to the BEA (MPF) Core Accumulation Fund and the BEA (MPF) Age 65 Plus Fund are subject to a statutory annual limit of 0.20% of the net asset value of each of those Constituent Funds and will not be charged to or imposed on the Constituent Fund in excess of that amount. Please refer to the sub-section "<b>Fees and out-of-pocket expenses of the DIS</b>" under Section 6.5A "<b>MPF Default Investment Strategy</b>" for details.</p> <p>The establishment costs and payments incurred in the establishment of each of the following Constituent Funds are estimated as follows:</p> <ul style="list-style-type: none"> <li>• BEA (MPF) North American Equity Fund – HKD117,000;</li> <li>• BEA China Tracker Fund – HKD138,000;</li> <li>• BEA Hong Kong Tracker Fund – HKD138,000;</li> <li>• BEA (MPF) RMB &amp; HKD Money Market Fund (this Constituent Fund is denominated in HKD only and not in RMB) – HKD198,000;</li> <li>• BEA (MPF) Core Accumulation Fund - HKD78,000; and</li> <li>• BEA (MPF) Age 65 Plus Fund - HKD78,000.</li> </ul> <p>Such costs and payments will be borne by these Constituent Funds (other than the BEA (MPF) Core Accumulation Fund and the BEA (MPF) Age 65 Plus Fund) and amortised over the first 5 years following their launch.</p> <p>In the case of the BEA (MPF) Core Accumulation Fund and the BEA (MPF) Age 65 Plus Fund, such establishment costs and payments will be borne by these Constituent Funds and amortised over a period of 5 years, commencing from the first anniversary of the formation of the respective Constituent Fund.</p>		Relevant Constituent Fund assets (Other expenses of BEA (MPF) Conservative Fund are deducted from relevant Member's account by Unit deduction.)

(c) Page 45 - The fee table headed "**(D) FEES AND CHARGES PAYABLE OUT OF THE UNDERLYING FUNDS**" under the section headed "**Fee Table**" shall be replaced in its entirety with the following:-

<b>(D) FEES AND CHARGES PAYABLE OUT OF THE UNDERLYING FUNDS</b>			
Type of charges & expenses	Name of Constituent Fund	Current level	Deducted from
Management fees <sup>7,7A</sup>	BEA (MPF) Growth Fund	0-1.1% p.a. of NAV	Relevant underlying fund assets
	BEA (MPF) Balanced Fund	0-1.1% p.a. of NAV	
	BEA (MPF) Stable Fund	0-1.1% p.a. of NAV	
	BEA (MPF) Global Equity Fund	0-1.0% p.a. of NAV	
	BEA (MPF) European Equity Fund	Up to 1.0% p.a. of NAV	
	BEA (MPF) North American Equity Fund	Up to 1.0% p.a. of NAV	
	BEA (MPF) Asian Equity Fund	0-1.1% p.a. of NAV	
	BEA (MPF) Greater China Equity Fund	0-1.1% p.a. of NAV	
	BEA (MPF) Japan Equity Fund	Up to 1.1% p.a. of NAV	
	BEA (MPF) Hong Kong Equity Fund	0-1.1% p.a. of NAV	
	BEA China Tracker Fund	0.6% p.a. of NAV	
	BEA Hong Kong Tracker Fund	Up to 0.1% p.a. of NAV	
	BEA (MPF) Global Bond Fund	0-1.1% p.a. of NAV	
	BEA (MPF) Core Accumulation Fund	N/A	
BEA (MPF) Age 65 Plus Fund	N/A		
Guarantee charge <sup>8</sup>	BEA (MPF) Long Term Guaranteed Fund	1% p.a. of NAV	
Other expenses	Each underlying fund may bear its costs and operating expenses (e.g. establishment cost of the underlying fund, indemnity insurance, auditor's fees and legal charges). Such expenses are summarized in point (vii) of the Explanatory Notes.		Relevant underlying fund assets

- (d) Page 46 - The Fee Table headed “**(E) OTHER FEES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES**” shall be amended by adding the following words at the end of the second column of the second row under the item headed “Payment of benefits from mandatory or voluntary contributions (as the case may be) by withdrawal by instalments, if applicable”:

“Note: Such charge is not applicable to a Member who has all or part of the accrued benefits invested in the BEA (MPF) Core Accumulation Fund and/or BEA (MPF) Age 65 Plus Fund as at the time when the Trustee receives the valid withdrawal request from the Member.”

- (e) Page 49 - The following new definition 7A shall be added immediately after the definition of “**Management fees**” in the sub-section “**DEFINITIONS**” under the section headed “**Fee Table**”:-

“7A. “**Management fees**” in respect of each of BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund, mean the fees paid to the Trustee, the Administrator, the Investment Manager (including fees based on fund performance, if any) and the Sponsor of the Master Trust and any of their delegates can only (subject to certain exceptions in the MPF Ordinance) be charged as a percentage of the net asset value of the fund. These management fees are also subject to a statutory daily limit equivalent to 0.75% per annum of the net asset value of the constituent fund which applies across both the constituent fund and underlying funds. Out of the 0.75%, 0.16% is for the fees payable to the Investment Manager, 0.295% is for the fees payable to the Sponsor, and 0.295% is for the fees payable to the Trustee and the Administrator. Services to be provided for the charging of payment of services by the Sponsor are related to product support, dissemination of MPF marketing materials and product development activities.”

- (f) Page 50 - Paragraph ii. in the “**EXPLANATORY NOTES**” under the section headed “**Fee Table**” shall be deleted in its entirety and replaced with the following:

“The BEA (MPF) Long Term Guaranteed Fund, BEA (MPF) Growth Fund, BEA (MPF) Balanced Fund, BEA (MPF) Stable Fund, BEA (MPF) Global Equity Fund, BEA (MPF) European Equity Fund, BEA (MPF) North American Equity Fund, BEA (MPF) Asian Equity Fund, BEA (MPF) Greater China Equity Fund, BEA (MPF) Japan Equity Fund, BEA (MPF) Hong Kong Equity Fund, BEA (MPF) China Tracker Fund, BEA (MPF) Hong Kong Tracker Fund, BEA (MPF) Global Bond Fund, BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund will, indirectly, bear the fees, charges and expenses of the underlying fund in which they invest. Where a Constituent Fund invests in an underlying fund managed by the Investment Manager and where the Trustee acts as trustee, no fee for investment manager or trustee will be charged on such underlying fund.”

- (g) Page 50 - Paragraph vii. in the “**EXPLANATORY NOTES**” under the section headed “**Fee Table**” shall be deleted in its entirety and replaced with the following:-

“Each underlying fund may bear its costs and operating expenses to the extent permitted by the MPF Ordinance which may include but not limited to the fees and expenses (calculated not by reference to net asset value of the underlying fund) of custodians, sub-custodians, auditors, legal fees, the costs incurred in connection with any listing or regulatory approval, the costs incurred in the preparation and printing of any explanatory memorandum and the license fee (if any) (applicable to the underlying Approved Index-Tracking Funds in which the constituent funds invest).”

- (h) Page 50 - The following paragraph shall be inserted after paragraph viii. in the “**EXPLANATORY NOTES**” under the section headed “**Fee Table**”:-

“ix. The rate of the management fees for BEA (MPF) Core Accumulation Fund and BEA (MPF) Age 65 Plus Fund will not exceed the statutory requirement for DIS.”